



To: All CDBG-DR Program HOP Subrecipients and Vendors

From: Texas General Land Office

Date: August 8, 2013

Re: Household Income Calculation, Using the 1040 AGI Method  
Guidance on Determining AMFI for CDBG Disaster Recovery Applications

This is an update to the Area Median Family Income (AMFI) eligibility process for CDBG-DR applications. As the volume of housing applications increases in the disaster recovery program, addressing barriers in the eligibility process will greatly improve processing time and increase applicant retention rates. Several Subrecipient entities have requested the flexibility to adopt the 1040 AGI method en lieu of the Part 5 Method required by the Round 2 Housing Guidelines. The Land Office is granting this flexibility, thereby waiving this requirement of the Guidelines.

The Part 5 Method specifically addresses income from assets and requires documentation and special calculations when detailing this. While the 1040 AGI method does not require asset-specific documentation, taxable income related to assets is counted in the household income calculation. In addition, child support payments received, alimony, inheritance and certain insurance proceeds are not included in the 1040 AGI method; one impact of which may allow for lower income calculations and increased eligibility rates.

**The GLO is recommending that Subrecipients switch to the 1040 AGI method for determining AMFI for CDBG-DR applications.** Applications currently on hold under Part 5 should be reviewed under the 1040 AGI Method. Any applications previously deemed income ineligible under the Part 5 Method need to be reexamined under the 1040 AGI to determine eligibility. Subrecipients may opt to continue using the Part 5 method. *However*, the GLO will exercise greater scrutiny in evaluating Subrecipient benchmark performance for those who choose to continue working under the Part 5 Method. The GLO will be providing more detailed guidance material and resources for use on your applications.

For questions or further clarification please contact:

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